



# FAQs – Investment Review Process

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## Frequently Asked Questions - Investment Review Process

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### 1. What does 10 U.S.C. § 2222 require in regard to “defense business system modernizations”?

Any defense business system modernization with a total cost in excess of \$1 million shall be:

- Reviewed by the appropriate Office of the Secretary of Defense (OSD) Investment Review Board (IRB),
- Certified by the designated Approval Authority; and,
- Approved by the Defense Business System Management Committee (DBSMC) before any funds for modernization may be obligated.

### 2. What if funds are obligated without certification and approval required by 10 U.S.C. § 2222?

An officer or employee of the United States Government that knowingly and willfully obligates funds for a defense business system modernization that has a total cost over \$1 million without an approved certification will violate 31 USC § 1341(a)(1) (the Anti-Deficiency Act (ADA)). Information on the process for potential ADA violations can be found in the DoD Financial Management Regulation (FMR) Volume 14, Chapters 2 – 7.

### 3. What is a “defense business system”?

The term defense business system means:

“an information system, other than a national security system, operated by, for, or on behalf of the Department of Defense, including financial systems, mixed systems, financial data feeder systems, and information technology and information assurance infrastructure, used to support business activities, such as acquisition, financial management, logistics, strategic planning and budgeting, installations and environment and human resource management.” (10 U.S.C. § 2222 (j)(2))

### 4. What is a “national security system”?

10 U.S.C. § 2222(j)(6) states: “The term “national security system” has the meaning given that term in section 3542 (b)(2) of Title 44 of this title,” which states:

- (1) For the purposes of subtitle 111 of title 40, the term “national security system” means those telecommunications and information systems operated by the Federal Government, the functions, operation, or use of which:
  - (A) Involves intelligence activities;
  - (B) Involves cryptologic activities related to national security;
  - (C) Involves command and control of military forces;
  - (D) Involves equipment that is an integral part of a weapon or weapons system; or,
  - (E) Subject to paragraph (2) is critical to the direct fulfillment of military or intelligence missions.
- (2) Limitation – Paragraph (1)(E) does not include procurement of automated data processing equipment or services to be used for routine administrative and business applications (including payroll, finance, logistics and personnel management applications).

## 5. What is a “defense business system modernization”?

The term defense business system modernization means:

- “(A) the acquisition or development of a new defense business system; or
- “(B) any significant modification or enhancement of an existing defense business system (other than necessary to maintain current services).” (10 U.S.C. § 2222 (j)(3)(b))

According to the Financial Management Regulation (FMR) Volume 2B, Chapter 18 the term *current services* represents:

“the cost of operations at a current capability and performance level of the application, infrastructure program and/or initiative when the budget is submitted. That is, what the cost would be if nothing changes from the baseline other than fact-of-life reductions, terminations or replacement systems becoming operational. Current Services include: (1) Those personnel whose duties relate to the general management and operations of information technology, including certain overhead costs associated with PM offices (2) maintenance of existing application, infrastructure program or initiative, (3) corrective software maintenance which includes all efforts to diagnose and correct actual errors (i.e., processing or performance errors) in a system (4) maintenance of existing voice and data communications capabilities, (5) replacement of broken IT equipment needed to continue operations at the current service level, and (6) all other related costs not identified as Development / Modernization.”

## 6. What are the different IRBs?

Five IRBs manage investments in defense business systems. They are:

- Financial Management (FM)
- Human Resources Management (HRM)
- Real Property & Installations Lifecycle Management (RP&ILM)
- Weapon Systems Lifecycle Management & Material Supply & Services Management (WSLM / MS&SM)
- Department of Defense Chief Information Officer (DoD CIO)

## 7. What is the role of the IRBs?

Per Directive-Type Memorandum (DTM) 08-020, “IRB Roles and Responsibilities,” the IRBs provide oversight of business capabilities as described in their charters; review, assess, and recommend business capabilities and business system investments necessary for DoD to achieve its strategic goals and enterprise requirements; to improve its operational integration and effectiveness; and to ensure timely and cost effective capability delivery. The DTM is located here: <http://www.dtic.mil/whs/directives/corres/pdf/DTM-08-020.pdf>.

The IRBs review and the IRB Chair recommends to the CA all certifications of defense business system modernizations with total cost exceeding \$1 million in accordance with 10 U.S.C. § 2222. The IRBs also ensure an IRB annual review has been conducted for all defense business modernizations certified by the CA and approved by the DBSMC.

The IRBs have an expanded role in defense business system acquisition. Per DTM 08-020, the IRBs advise the USD(AT&L) or other OSD official serving as the Milestone Decision Authority (MDA) for business Major Automated Information System (MAIS) acquisition programs and provide the organizational structure to facilitate issue resolution and support the MDA.

Generally, IRB Members act as advisors to the IRB Chair and provide support in the execution of the Chair’s responsibilities and functional and/or acquisition input throughout the process as required.

## 8. What is the role of the DBSMC?

The role of the DBSMC is to:

- Recommend to the Secretary of Defense (SECDEF) policies and procedures necessary to effectively integrate the requirements of 10 U.S.C. § 2222, into all business activities and any transformation, reform, reorganization or process improvement initiatives undertaken within DoD
- Review and approve any major update of the BEA under 10 U.S.C. § 2222, including evolving the architecture, and of defense business system modernization plans
- Manage cross-domain integration consistent with an enterprise architecture

The DBSMC has final approval authority for all defense business system modernization investments. If and when approval is granted, it will be so noted in the DBSMC Approval Memo. In the event the DBSMC does not approve a CA recommendation, the Component PCA may or may not decide to resubmit the request once the relevant issues have been resolved.

## 9. What does it mean to be a Tier 1, 2 or 3 system?

Tiers were established to define the level of review required based on program investment cost and importance.

- Tier 1 systems refer to MAIS programs or initiatives. They are the highest dollar programs and the most significant.
- Tier 2 programs have modernization costs of \$10 million or more, but are not designated MAIS.
- Tier 3 systems refer to programs with modernization costs greater than \$1 million but less than \$10 million.

Systems with modernization costs less than \$1 million are classified as Tier 4 systems; IRB certification is not required for these systems. However, any system may be designated an “Interest Program” by an IRB at any point in the system lifecycle because of its impact on DoD transformation objectives; IRB requirements / oversight for Interest Programs are defined by the respective IRB Chair.

## 10. Does the \$1 million threshold apply to the annual cost of a modernization, the total cost of the modernization, or the life-cycle cost of all program modernizations?

For new systems, the \$1 million threshold is based on the total cost of the modernization from concept refinement phase, or pre-initiation phase, to deployment (but not including operations and support (i.e., sustainment)). Depending on how the modernization is structured, it may be a one-year effort or a multi-year effort and may extend beyond the Future Years Defense Plan (FYDP). A certification approval will generally apply to that portion or phase of the modernization for which procurement and funding authority has been granted.

For upgrades or changes to existing systems, the \$1 million threshold is based on the total cost of the modernization over the life of the modernization implementation. Once the modernization is complete, funding reverts to sustainment.

## 11. Can I spend up to \$1 million before I get IRB and DBSMC certification and approval?

No. Certification by the Certification Authority and approval by the DBSMC is required before obligating *any* dollars, even if the cost for the modernization in the first year will be less than \$1 million.

## 12. Is there an IRB certification Memorandum?

Yes. Following each IRB meeting where Certification decisions were made, the Certification Authority (CA) issues a memorandum to the DBSMC recommending approval of those Certifications. This memo has, as an enclosure, a summary listing each Certified system. IRB members, affected programs and Components may retrieve the memorandum, which is posted on the IRB Portal along with other IRB related documents.

### 13. Where do I get information that explains how to submit a business system certification package?

The Investment Review Process Guidance: provides guidance on the IRB/DBSMC processes, governance, roles and responsibilities, operations, and functions and can be located here:

[http://www.bta.mil/products/bea/html\\_files/irb.html](http://www.bta.mil/products/bea/html_files/irb.html).

The Business Enterprise Architecture (BEA) Compliance Guidance: provides guidance on the steps necessary to demonstrate compliance with the BEA and can be located here:

[http://www.bta.mil/products/bea/html\\_files/beacompliance60.html](http://www.bta.mil/products/bea/html_files/beacompliance60.html)

### 14. What is the role of the Pre-Certification Authority (PCA)?

The PCA is accountable for the Component's business system investments and compliance to the BEA. In no case should there be more than one PCA per Component, per CA. The Component PCAs shall:

- Identify those Component systems that require IRB Certification
- Validate information in DITPR as being current, complete and accurate
- Assess and pre-certify architecture compliance of systems submitted for Certification and review and approve all architecture compliance plans (ACPs)
- Prepare, review, approve and upload all required IRB Certification and Annual Review documentation to the IRB Portal
- Participate in IRBs as designated members if appointed
- Ensure Component's budget office receives any changes to a system's modernization funding appropriation as a result of an investment review or Annual Review

### 15. What is a Recertification?

A recertification is required when any additional investment dollars above a previously approved amount is needed or additional time outside of the originally approved fiscal year period is needed to deliver the capability, on the same modernization effort. If the amount of funds redistributed in any given fiscal year is more than 10 percent of its approved amount, the PCA is required to provide an explanation to the lead IRB Chair through its Support Staff. Based on the information provided to the IRB Chair, the system may be required to perform a Recertification. A Recertification request will be for the additional amount of funds requested, not the previously approved amount plus the new request.

Similarly, if a Component has not obligated Certified modernization funds within the period of time covered by the Certification and needs to obligate them outside of the approved period (i.e., "carryover"), it must request a Recertification.

### 16. What is a Decertification?

A Decertification is a reduction in the amount of funds a Component has certified. If a Component determines that the funding level for a certified modernization will be reduced by more than 10 percent of the certified funding level, a Decertification may be warranted. A Decertification may also occur in the case that the FY period of the Certification is reduced (i.e., from 3 FY to 2 FY), funding eliminated altogether, or could be requested by the Component or IRB / DBSMC in other cases, such as if the amount of funds executed in any given fiscal year is considerably less than the Certified amount.

## 17. Is the Recertification and Decertification process similar to Certification?

Yes. Recertification information is to be entered into DITPR and submitted for IRB / DBSMC review with a thorough explanation in the PCA Memo and Dashboard which reflect the circumstances of the Recertification. Note: The redistribution threshold of 10 percent provides flexibility within a DBSMC-approved amount.

Decertification information is to be entered into DITPR and submitted for IRB / DBSMC review with thorough explanation in the PCA Memo and related Dashboard information which reflects the circumstances of the Decertification.

## 18. What is the Defense Information Technology Portfolio Repository (DITPR)?

DITPR serves as the Department's authoritative inventory of IT systems. All Components are required to register and maintain current information about all of their IT systems in DITPR.

## 19. What are the requirements for updating system information in DITPR?

Maintaining complete and up-to-date information in DITPR enables the automatic generation of standard reports, including system Dashboards.

Prior to submitting a system request to the IRB, it is necessary for the Component to review the system's DITPR entry and:

- Update all fields related to costs, milestones and risks.
- Detail issues regarding achievement of capability milestones to include cost, schedule, and performance; highlight any instances of exceeding / meeting / not meeting expectations.
- Detail all actions or issues relating to meeting conditions placed on the initial Certification.

## 20. What is an Annual Review?

Title 10 U.S.C. Section 2222 (g)(2)(B) requires a "periodic review, but not less than annually of every defense business system investment." This requirement assures that IT investment modernizations, which have been previously certified and approved, are managed properly, and that results are delivered on time and within budget.

## 21. What is a Close-Out Annual Review?

A Close-out Review occurs when a system reaches the end of a Certification period and the Component does not expect to Certify that system for new funds on the same modernization. Typically, the modernization is complete.

Components will submit the same package as required for a standard IRB Annual Review and will specify in the Annual Review Assertion Memo and in the "Expected Outcomes" section of the Annual Review Dashboard (DITPR) that the review is, in fact, a Close-out. The purpose of the review is to determine whether the modernization fulfilled the business need and how success of the modernization was measured. The IRBs may ask what capability was delivered, how the results were measured, what lessons were learned, how the system fits in the Component and Enterprise Architecture, and the overall success of the system. The completion of a Close-out Annual Review does not exclude the program from receiving a future Certification; however, it is to be used when a program deems a modernization to be complete.

## 22. When is an IRB Annual Review conducted?

Annual Reviews are scheduled by the IRBs throughout the year and all required documentation must be submitted by the deadlines prescribed in advance by the IRB. It is possible for a system to be reviewed more than once in a given year; IRB can request a review of any system at any time for reason.

## **23. Are the documents required for an IRB Annual Review the same as for Certification?**

The documentation that a Component is required to prepare for the IRB Annual Review process is very similar to the documentation required for Certification. As with the submission of Certification packages, the IRB Annual Review packages will currently utilize the IRB Portal and DITPR as the official record of data. The Component should submit an Annual Review Dashboard and PCA letter specifying the system is requesting an Annual Review.

## **24. Are IRB Annual Reviews subject to approval by the DBSMC?**

The IRB Annual Review process is very similar to the IRB Certification process except that DBSMC action is not required. Like the IRB Certification process, the IRB Annual Review process will leverage information from the required documentation posted to the IRB Portal by the Component. Based on information reviewed, the IRBs may declare certification conditions closed or add new conditions as deemed appropriate. IRBs pay special attention to any system that has significantly missed milestone dates or outspent its budget in any one year of a multi-year Certification. These systems may be required to Recertify, and if the program projects it will need to obligate any dollar amount above the total DBSMC-approved amount or beyond the FY period, it must Recertify before obligating those funds. In these instances, IRBs will notify the DBSMC of this decision.